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FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20054

In the Matter of	)	
	)	
Allocation of Costs Associated With Local Exchange Carrier Provision of Video Programming Services	)))	CC Docket No. 96-112

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REPLY COMMENTS OF THE NEW ENGLAND CABLE TELEVISION ASSOCIATION, INC.

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REPLY COMMENTS OF THE
NEW ENGLAND CABLE TELEVISION ASSOCIATION, INC.

The New England Cable Television Association, Inc. ("NECTA"), by its attorneys, hereby submits its reply comments on the Notice[1/] in the above-captioned proceeding. NECTA's members presently provide video programming services to the public in the New England states and will be direct competitors of incumbent local exchange carriers ("ILECs") for the provision of telephony services.

INTRODUCTION AND SUMMARY

The cost allocation rules that the Commission develops in this proceeding are crucial in assisting the Commission to short-circuit ILEC attempts to engage in anticompetitive cross-subsidization by misallocating costs associated with competitive nonregulated services to regulated accounts. Rather than accept that they must bear their fair share of costs for entry into unregulated, competitive lines of business, the ILECs now urge the Commission to deregulate this area and allow them to operate with virtually no oversight whatsoever. Many ILECs argue that cost allocation rules are wholly inappropriate given the existence of emerging competition and the price cap regulatory scheme. As a fallback position, the ILECs argue that if the Commission does adopt some cost allocation rules, they should be

1/ Allocation of Costs Associated With Local Exchange Carrier Provision of Video Programming, Notice of Proposed Rulemaking, CC Docket No. 96-112, FCC No. 96-214 (released May 10, 1996) ("NPRM").

limited to "general guidelines" and be "flexible." Regardless of how these ILECs attempt to characterize their position, it is clear that what they really seek is the FCC's blessing to pass off the costs of entry into the video business onto ratepayers of regulated telephony services who have no real choice of local providers.

The Commission has explicitly recognized that misallocation of costs can distort the competitive playing field[2/] and that the current rules were not designed to allocate common costs between new nonregulated services and existing regulated services.[3/] Consequently, it should act expeditiously to adopt uniform, specific cost allocation rules that allocate at least 75% of the common costs of integrated, joint-use networks to unregulated video services. In its rules, the Commission should unequivocally prohibit not only the misallocation of common costs to regulated services, but the misclassification of direct costs. Attempts to utilize "creative" methodologies and mechanisms to enter the unregulated video business upon the backs of regulated ratepayers, such as the proposal of The Southern New England Telephone Company ("SNET"), should be resoundingly rejected. In this vein, the Commission should hold that ILECs may not use the ruse of "regulated" video transport services to evade compliance with the cost allocation rules the FCC adopts.

Finally, the pleas of the ILECs that both emerging competition and the price caps framework will eliminate all ability and incentive for them to act anticompetitively are simply wrong. Despite the existence of price caps, there is ample opportunity for improper cost-shifting and consequent negative effects on consumers. Moreover, while the promise of facilities-based competition is here, the reality has not yet materialized. The fact is that the

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[2/] Id. at ¶¶ 22-25.

[3/] Id. at ¶ 2.

ILECs still retain almost a complete lock on the local telephony market that can be leveraged to enter competitive markets such as video. Unless this behavior is checked, the promised facilities-based competition, as envisioned by the 1996 Telecommunications Act,[4] will never develop.

I. THE COMMISSION SHOULD ADOPT UNIFORM COST ALLOCATION RULES

As an alternative to the outrageous proposal that forbearance is statutorily required in this critical cost allocation area,[5] several ILECs urge the FCC to adopt flexible cost allocation rules allowing carriers to pick from a range of allocation factors or even adopt an altogether different methodology for the allocation of costs between regulated and nonregulated services. SNET, for example, recommends a range of fixed factors from which ILECs can choose that would constitute "safe harbors" and advocates its own methodology.[6] The Commission should reject this approach.

The Commission has learned too well from the video dialtone experience that cost allocation rules that vary depending upon the carrier lend themselves to significant potential for manipulation and abuse. Not only would "flexibility" and "general guidelines" almost certainly ensnare the Commission in the drawn-out and complex disputes over each and every

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[4] See Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) ("1996 Act").

[5] See Comments of SNET at 6.

[6] Id. at 13. Similarly, Bell Atlantic suggests a range between 25 and 30 percent for nonregulated services. Comments of Bell Atlantic at 10. GTE proposes cost allocation "guidelines" that would take into account such variables as the make up of network plant, signal delivery, and overall system capabilities. Comments of GTE at 8. See also Comments of the United States Telephone Association at 16-17

ILEC request to provide video services over a joint-use network,[7] the case-by-case approach would increase significantly the risk of undetectable cost shifting, which is fundamentally inconsistent with the law. As the 1996 Act makes clear, "[a] telecommunications carrier may not use services that are not competitive to subsidize services that are subject to competition."[8] To avert such a result, the Commission should adopt a fixed factor that allocates at least 75 percent of common costs to video services, as the record has consistently shown that the bulk of the costs of joint-use network are attributable to video services.[9]

II. THE COMMISSION SHOULD EXPRESSLY REJECT THE COST ALLOCATION METHODOLOGY PROPOSED BY SNET, AS IT MISALLOCATES COSTS TO REGULATED SERVICES

Perhaps the most egregiously discriminatory proposal set forth by the ILECs in this proceeding is that of SNET, which proposes a flexible cost allocation standard to permit it to respond to the "dynamics of the competitive marketplace" and to implement its plans to deploy competitive cable television services over its HFC network.[10] SNET argues that its circumstances are somehow very different from those of other ILECs and that compliance

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[7] Significantly, while some commenters refer to the great range of technologies, usage and costs surrounding the deployment of broadband architectures, see Comments of SNET at 9, there is a notable consensus around one type of network architecture -- the hybrid fiber coaxial cable network ("HFC"). See Connecticut DPUC Docket 96-01-24, Application of SNET Personal Vision, Inc. for a Certificate of Public Convenience and Necessity to Provide Community Antenna Television Service, (Feb. 15, 1996) ("Docket 96-01-24").

Moreover, in other contexts, the FCC has recognized that uniform rules applicable to all LECs can serve the public interest. See, e.g., Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Notice of Proposed Rulemaking, CC Docket No. 96-98, FCC No. 96-182 at ¶¶ 27-28 (April 19, 1996); Federal-State Joint Board on Universal Service, Notice of Proposed Rulemaking and Order Establishing Joint Board, CC Docket No. 96-45, FCC No. 96-93 (March 8, 1996).

[8] 47 U.S.C. § 254(k).

[9] See, e.g., Comments of National Cable Television Association at 15; Comments of the California Cable Television Association at 17.

[10] Comments of SNET at 9, 10.

with the FCC's affiliate transaction rule will obviate the need for the Commission to regulate its costs.[11]

SNET proposes a 50/50 allocator (after direct assignment of costs it deems to be directly attributable) to be applied by dividing the common costs of broadband loop equally between telephony and broadband services, both of which it states can consist of regulated services.[12] SNET takes this approach rather than allocate costs between regulated and nonregulated services as contemplated in the NPRM because it states there is a "likelihood" that some new broadband services may be regulated.[13] Ironically, at the same time it asserts that there are now and will be in the future regulated broadband services, including the video transport that is available solely to its cable television affiliate, Personal Vision,[14] SNET also advocates that the Commission almost completely deregulate these services.

Apart from being confusing and vague, SNET's cost allocation plan is seriously flawed. The proposed methodology would enable SNET to escape almost entirely all oversight of its cost allocation methodology based upon little more than a promise that ratepayers will be protected because SNET states that it abides by the FCC's affiliate transaction rule[15] and has entered into a "Shared Services Agreement" between it and

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[11] Id. at 11.

[12] Id. at 13.

[13] Id.

[14] See SNET Tariff F.C.C. No. 39, Supertrunking Video Service and Multichannel Video Service, Transmittal No. 673 (filed May 20, 1996); Petition to Reject, or, in the Alternative, to Suspend and Investigate, Cablevision Systems Corporation (filed June 4, 1996).

[15] See 47 C.F.R. § 32.27

Personal Vision, the contents of which it has not divulged because SNET claims it is proprietary.[16]

Thus, while SNET generally alludes to the methodology set forth in that agreement as requiring Personal Vision to bear all "incremental costs" associated with the HFC network, the fact is that the FCC and interested parties are largely left to guess as to the true nature and scope of these costs. If the past teaches anything, it is more than likely that what SNET defines as HFC costs incremental to video are in reality only a fraction of the costs that flow from SNET's decision to enter the video marketplace.[17] Given the capabilities of the HFC network, telephony, rather than video, is the incremental service. The FCC should emphatically reject the SNET approach as it will foment abuse and undermine regulators' ability to detect anticompetitive practices.

In support of its proposal, SNET offers the affidavit of Dr. William E. Taylor.[18] Yet, Dr. Taylor's analysis falls short in several ways. First, the preferred definition of cross-subsidy is incomplete.[19] The economic cross-subsidy test requires that prices for all services equal or exceed incremental cost and that no service be priced above its stand-alone

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[16] See Docket 96-01-24, supra note 7, Application at Exhibit G (filed Feb. 25, 1996).

[17] See, e.g., DPUC Docket No. 95-03-10, Application of the Southern New England Telephone Company for Approval to Conduct a Dial Tone Transport and Switching Market Trial, Decision (June 30, 1995) ("VDT Decision") at 12, 16; see also DPUC Docket No. 95-06-17, Application of SNET for Approval to Offer Wholesale Local Basic Service and Certain Related Features and Implement a Universal Service Fund, Decision at 77-78 (Dec. 20, 1995) ("[T]he Department remains unconvinced that SNET's approach conforms with the economic principle of cost causation. Furthermore, this methodology wholly ignores consideration for issues of capacity utilization and derived benefit...The Department, therefore, again rejects SNET's proposed allocation formula.").

[18] See Comments of SNET, Appendix.

[19] Id. at 2 (defining cross-subsidy as the failure to recover costs caused by the provision of a service).

cost.[20] If, as a result of constructing an HFC network, the incremental costs of telephony are greater than the cost of a telephony only system, any price above the stand-alone cost constitutes a cross-subsidy.

Dr. Taylor is also incorrect that a cross-subsidy test ". . . includes no allocations of fixed (i.e., volume insensitive) costs that are shared with other services . . ." (p.3). First, costs shared by a group of services must be recovered from the group.[21] Second, it may be necessary to allocate shared costs to a particular service in order to ensure that the stand alone cost test is met. In any event, the Commission has the discretion to allocate common costs to accomplish public interest objectives, as it has clearly recognized. Abdication of the decision on how these costs are to be allocated to the regulated monopolist is a recipe for strategic anticompetitive pricing. As the DOJ has pointed out in a related context, "by misallocating costs from competitive activities to activities that supply 'captive' customers, the ILEC can raise the price of network elements to the captive customers, and escape having to recover those costs from the competitive activities."[22]

Further, the notion that its asserted compliance with Section 32.27 of the FCC's rules and the fact that its "regulated and non-regulated businesses are structured very differently than the regulated and non-regulated businesses of other LECs,"[23] somehow eliminates any misallocation is completely erroneous. First, it is ludicrous to suggest that the small amount

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[20] See Gerald R. Faulhaber, "Cross-Subsidization in Public Enterprise," 65 Am. Econ. Rev. 966 (1975). Most economists agree that incremental costs should be measured on a total service basis. See Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98, Comments of the United States Department of Justice at 27 (May 22, 1996) ("DOJ Comments").

[21] See William J. Baumol and J. Gregory Sidak, Toward Competition in Local Telephony 69.

[22] See DOJ Comments at 31.

[23] SNET Comments at 11.

of costs that SNET identifies as attributable to Personal Vision's video service will reduce telephony costs in any meaningful way.[24] Most importantly, the way in which SNET purports to apply that rule assumes the answer to the very question that the FCC is here considering. Thus, it is no real answer to say SNET will record costs in a manner that complies with the FCC's "standards and procedures,"[25] when the FCC has already stated plainly that those standards and procedures were not designed for the instant situation.

SNET apparently misapprehends the relationship between the affiliate transaction rules and the existing cost allocation rules applicable to unregulated service offerings by LECs. The affiliate transaction rules call for cost analysis to determine the lawfulness of the price charged to the affiliate.[26] Thus, exclusive arrangements between a LEC and its affiliate are subject to complete cost scrutiny.[27] Certainly, SNET's dealings with Personal Vision fall squarely within the framework of safeguards established by the Commission to prevent unfair

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[24] SNET Comments at 16. See SNET Tariff FCC No. 39, Transmittal No. 673, at Exhibit L (indicating that SNET's cable television affiliate, Personal Vision, will be responsible for approximately 1 million in costs on a three-year basis). In comparison, SNET itself stated that the annual revenues of its holding company, the Southern New England Telephone Company, are roughly $2 billion. Docket 96-01-24, supra note 7, Hearing Transcript at 880 (SNET witness Listfield) (June 5, 1996). Critically, the costs that Personal Vision will bear have no relationship to the actual costs of the facilities that Personal Vision will use. See p. 11 infra.

[25] 47 C.F.R. Section 32.27(d).

[26] Id.; see also Separation of Costs of Regulated Telephone Service From Costs of Nonregulated Activities, Report and Order, 2 FCC Rcd 1298 (1987) ("Joint Cost Order"), modified on recon., 2 FCC Rcd 6283 (1987) ("Reconsideration Order"), modified on further recon., 3 FCC Rcd 6701 (1988) ("Further Reconsideration Order"), affirmed sub nom. Southwestern Bell Corp. v. AT&T, 896 F.2d 1378 (D.C. Cir. 1990).

[27] "When affiliates provide shared services to each other that are not being provided to unaffiliated persons or entities, the costs must be apportioned in a manner that complies with the standards and procedures for the apportionment of joint or common costs between the regulated and nonregulated operations of the carrier entity." Joint Cost Order, 2 FCC Rcd at 1336, ¶ 299. See also Centel Corporation, Memorandum Opinion and Order, 4 FCC Rcd 2241, 2243 ¶ 16 (1989) ("When reliable information as to market price is not available the danger of cross-subsidization increases, and thus the rule requires the carrier to record the value of the service at cost . . .").

cross-subsidization of unregulated service at the expense of captive ratepayers. Indeed, SNET's relationship with Personal Vision is the exact sort of arrangement that the rules were designed to scrutinize most closely: exclusive dealings between a LEC and its unregulated affiliate. Therefore, SNET should be required to measure and allocate costs fully.

SNET's plea for flexibility is particularly inappropriate in the context of the ongoing transition from a highly regulated telecommunications marketplace to a market characterized by free competition among service providers. The transition period in the wake of the passage of the 1996 Act should be approached with caution, because LECs and other traditionally protected monopoly providers remain in a position to take advantage of their ownership of bottleneck facilities and the dependence of captive ratepayers to gain unfair advantages in the provision of unregulated services. The Commission should go slowly in increasing flexibility until such time as real facilities-based competition has a chance to develop.

In any case, SNET's appeal for flexibility in the allocation of the costs of upgrading its network begs the question of why <u>any</u> portion of these costs should be borne by telephone service ratepayers. The added capabilities of SNET's HFC upgrade will benefit <u>only</u> Personal Vision, because the video transport service will not be generally available, and SNET has made no showing that telephone customers will have access to any other broadband service. If telephone customers do not benefit from the increased capabilities of SNET's network, then they should not be forced to bear 50 percent -- or any other proportion -- of the costs of the upgrade, no matter what SNET's allocation "methodology" purports to show.

Compounding this basic flaw, SNET's cost allocation plan would also risk the misclassification of direct costs. As the Commission previously recognized in the context of video dialtone, direct costs of video services entry should "also include any incremental costs that are associated with shared plant used to provide video dialtone and other services, that is, costs of shared plant that are caused by the carrier's decision to offer video dialtone service."[28] Yet, under the SNET proposal, all indications are that these "direct costs" have been misclassified as "common."[29]

Finally, the FCC should hold that ILECs may not use the ruse of a regulated tariffed offering for video transport services, as SNET is attempting to do, to evade compliance with the cost allocation rules the FCC adopts. While services that are legitimately offered on common carriage basis pursuant to a lawful tariff can and should be deemed regulated, ILECs must not be permitted to give their video affiliates an unfair competitive advantage through the use of a so-called "regulated" video transport tariff. Here, SNET proposes a structure whereby the bulk of its HFC costs are allocated to regulated services, including video services, and the cable television affiliate Personal Vision can adopt a "pay-as-you-go" strategy for certain of its basic video transport costs. Unlike cable television companies who must bear all of their facilities costs, Personal Vision will be able to enter the video market by shifting both the costs and the risk to the Title II regulated service.

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[28] Telephone Company-Cable Television Cross-Ownership Rules, Sections 63.54-63.58 and Amendments of Parts 32, 36, 61, 64, and 69 of the Commission's Rules to Establish and Implement Regulatory Procedures for Video Dialtone Service, Memorandum Opinion and Order on Reconsideration and Third Further Notice of Proposed Rulemaking, 10 FCC Rcd 244, 345 (1994).

[29] For example, distribution and drop facilities should be directly allocated to unregulated video services, rather than being deemed common costs, because their use for telephony services is entirely an artifact of the carrier's decision to provide telephone service over the network it is deploying because of its video capabilities. See Declaration of Robert A. Mercer, Ph.D., Exhibit 2 to letter of the California Cable Television Association to Kathleen M.H. Wallman, Chief, Common Carrier Bureau, Application of Pacific Bell for Authority Pursuant to Section 214, File Nos. W-P-C 6913-6916 (filed April 11, 1995).

Significantly, in the context of video dialtone, SNET had stated that deployment of its video capable network to a smaller geographic area would entail roughly $424 million in costs assuming the allocation of 77% of costs to telephony services in real terms.[30/] Under its new approach for its cable affiliate, where the proposed facilities include two extra geographic regions in Connecticut (the service areas of the Woodbury Telephone Company and of NYNEX), encompass additional signal reception and switching equipment, and is based upon the alleged 50/50 allocation factor, Personal Vision would apparently be responsible for the pay-as-you go costs of approximately one million dollars per-year,[31/] plus the costs of the Shared Services Agreement and some limited facilities costs, the combination of which appears to be substantially less than the video dialtone costs. In effect, then, this proposal shifts the real risks of the video service venture onto telephone ratepayers, rather than to Personal Vision where it belongs. In light of the unprecedented scope of the proposed service -- a single statewide cable television franchise that would be the largest ever anywhere -- the Commission should not permit the back door evasion of its cost allocation process.

[30/] See VDT Decision, Hearing Transcript at 17 (SNET Witness Serrano); see also Application of SNET for Authority Pursuant to Section 214 of the Communications Act of 1934, as amended, to Construct, Own, Operate and Maintain a Commercial Video Dialtone System Within Connecticut, Exhibit I at 1 (filed April 28, 1995).

[31/] See SNET Tariff FCC No 39, Transmittal No. 673, at Exhibit L.

III. COST ALLOCATION REGULATIONS ARE ESSENTIAL TO PROMOTE FAIR COMPETITION AND TO PROTECT REGULATED RATEPAYERS

In their comments, several ILECs entreat the Commission to relax the cost allocation rules or do away with them completely.[32/] They state that the cost allocation rules are "antiquated,"[33/] "heavy-handed,"[34/] and of "diminished relevance"[35/] and that the existence of price caps and the emergence of "effective" competition eliminates the need for the rules. Yet, far from being obsolete, the Commission's cost allocation rules are more important than ever in light of the new freedom granted to ILECs to offer video services pursuant to the 1996 Act.[36/] The Commission has consistently recognized the dangers in allowing LECs to offer jointly video and telephony.[37/] The Commission should ignore the pleas of the ILECs and complete this rulemaking in a meaningful way.

The ILECs argue that price-cap regulated ILECs have no incentive to misallocate costs, especially ILECs that have elected the "no sharing" option.[38/] Yet, as currently

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32/ See e.g., Comments of SNET at 3; Comments of GTE Corporation at 6; Comments of BellSouth Corporation at 4; Comments of NYNEX at 5.

33/ Comments of BellSouth Corporation at 4.

34/ Comments of GTE Corporation at 6.

35/ Comments of NYNEX at 7.

36/ See 47 U.S.C. § 573.

37/ NPRM ¶¶ 22-23; Telephone Company-Cable Television Cross-Ownership Rules, 7 FCC Rcd 300, 322 (1991).

38/ See, e.g., Comments of SNET, Affidavit of Dr. Taylor, at 5 ("...price cap regulation denies regulated companies any entitlement to recover from customers of regulated telephone service any reductions in rate of return resulting from price cuts in competitive markets."). See also Comments of Ameritech at 4, 8; Comments of Pacific Bell and Nevada Bell at 3; Comments of NYNEX at 4, 6; Comments of USTA at 4; Comments of GTE at 6; Comments of Southwestern Bell Telephone Company at 24-25; Comments of Broadband Technologies at 9.

structured and as proposed,[39] the price cap regulatory regime does not eliminate either the incentive or the ability of the ILECs to cross-subsidize.

Notably, price caps do not wholly break the link between prices and costs. In fact, there are several ways in which excessive allocation of network costs related to video deployment to telephony may adversely impact monopoly ratepayers. First, under today's price caps regime and that proposed in the FCC's ongoing rulemaking,[40] price caps are subject to performance reviews. At such time, low reported telephony prices may be used to justify either a higher price cap or a lower productivity offset. And, even if this Commission were to decide to dispense with such reviews,[41] there is no guarantee that low reported monopoly service profits would not generate a review by a future Commission.[42]

Second, the LECs themselves have proposed that the productivity factor be endogenous to the system. Thus, under USTA's recommended proposal, the productivity factor would be adjusted to reflect historical total factor productivity ("TFP") changes.[43] Thus, under this proposal, construction of broadband HFC networks can reduce reported telephony productivity because such networks will not stimulate narrowband telephony output but may increase reported costs.

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[39] See Price Cap Performance Review for Local Exchange Carriers, Fourth Further Notice of Proposed Rulemaking, 10 FCC Rcd 13659 (1995) ("Price Cap FNPRM").

[40] Id. at 13660.

[41] This is an open question. See id. at 13673.

[42] See Reply Declaration of Leland L. Johnson, Ph.D., Price Cap Performance Review for Local Exchange Carriers; Treatment of Operator Services Under Price Cap Regulation; Revisions to Price Cap Rules for AT&T, CC Docket Nos. 94-1, 93-124, and 93-197 (filed Jan. 8, 1996).

[43] See Price Cap FNPRM, 10 FCC Rcd at 13674 (the Commission has specifically sought comment on whether a moving average or fixed X-factors to be reviewed and revised periodically in performance reviews should be adopted).

Finally, ILECs can still readily shift costs under a price cap regime because ILECs are in control of cost studies that calculate productivity and revenue determinations that trigger a sharing obligation.[44/] For ILECs that are subject to a revenue sharing obligation, there is an even greater incentive to shift costs because these carriers do not have to forfeit any excess revenue if their regulated services are particularly profitable. If a LEC's video service loses money, other service prices can be increased to offset the losses. In addition, the prospect of switching back and forth from the "sharing" and "no sharing" options also creates incentives for improper cost shifting.

The Commission should examine the real motivation of the ILECs here -- they seek protection from the Commission's cost allocation rules to avoid an impact on the revenue recovery they can receive from their regulated telephony ratepayers. If costs are not reallocated to account for the joint use of facilities for regulated and nonregulated services and price cap indices are not adjusted accordingly, then the price cap rate that ILECs are permitted to recover would not be appropriate.[45/]

Finally, SNET argues that once ILECs have received one request for interconnection, there is effective competition, which eliminates the need for cost allocation rules.[46/] Yet, not only are there now no facilities-based competitors in Connecticut where SNET provides

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44/ Comments of Cox Communications, Inc. at 11.

45/ See id. With respect to exogenous treatment of reallocated costs, NECTA agrees with the parties that demonstrate that exogenous treatment is appropriate for reallocation of costs associated with joint use facilities. Comments of MCI Telecommunications Corporation at 16; Comments of Cox Communications, Inc. at 10; Comments of AT&T Corporation at 10.

46/ See Comments of SNET at 6.

service,[47] the mere prospect of future competition will not serve to protect subscribers against anticompetitive cost methodologies that shift costs to consumers of regulated services. In fact, the prospect of cost-shifting will stifle any emerging competition. For these reasons, the FCC should reject this argument.

CONCLUSION

The Commission should adopt cost allocation rules consistent with the foregoing.

Respectfully submitted,

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Dated: June 12, 1996

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[47] Significantly, while Cablevision Lightpath has applied for a Certificate of Public Convenience and Necessity to provide local telephony services, the Connecticut DPUC has not yet granted that application. See DPUC Docket No. 95-07-19, Application of Cablevision Lightpath-CT, Inc. for a Certificate of Public Convenience and Necessity (Jan. 10, 1996). As envisioned by the 1996 Act, it is facilities-based competition that will bring substantial benefits to the telecommunications marketplace.

CERTIFICATE OF SERVICE

I, Cheryl S. Flood, hereby certify that on this 12th day of June, 1996, I caused copies of the foregoing "Comments of The New England Cable Television Association," to be sent first-class mail, postage prepaid, or to be delivered by messenger (*) to the following:

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